

**REMARKS**

Applicant respectfully requests reconsideration of the present application in view of the foregoing amendments and in view of the reasons that follow.

**Status of Claims:**

No claims are currently being cancelled.

Claims 1 and 2 are currently being amended.

Claim 14 is currently being added.

This amendment adds and amends claims in this application. A detailed listing of all claims that are, or were, in the application, irrespective of whether the claims remain under examination in the application, is presented, with an appropriate defined status identifier.

After adding and amending the claims as set forth above, claims 1, 2 and 14 are now pending in this application, whereby claims 3-13 are withdrawn from consideration as being directed to non-elected inventions.

**Claim Rejections – Prior Art:**

In the Office Action, claims 1 and 2 were rejected under 35 U.S.C. § 102(a) as being anticipated by Chen and Chen, “The Optimal Penetration Pricing Strategy Model Under the Dynamic Demand Function.” This rejection is traversed for at least the reasons given below.

In Chen and Chen, a consumer’s purchase behavior is determined to be affected by recent market prices, the spreading rate of new price information, and his/her internal reference price (IRP), whereby when the consumer learns about new price information, he/she will change his/her decision making for a product. Based on that, Chen and Chen has developed a mathematical relationship that considers each of these factors in a consumer’s decision making process for determining whether or not to purchase a product at a particular price. See page 152, “Conclusion” of Chen and Chen.

There is no disclosure or suggestion in Chen and Chen as to carrying out marketing for fixed time intervals at a price that is one step higher than and at a price that is one step lower than an optimal price estimate at a particular point in time. Rather, Chen and Chen does not mention any carrying out of marketing for fixed time intervals for particular prices of a product.

Instead, Chen and Chen analyzes a demand function for a product, based on different prices and different quantities, whereby a dynamic demand function shifts with time, as seen in Figure 3 of Chen and Chen. As shown in that figure, if the market price rises, then the demand lowers for a product. In this regard, the time it takes for news of the price change of the product to be known to consumers (the “spreading rate”) factors into the determination of the optimal price for the product. See page 145 of Chen and Chen.

However, this disclosure of Chen and Chen has nothing at all to do with: a) carrying out marketing for fixed time intervals using a price that is one step higher and a price that is one step lower than an optimal price estimate, b) comparing profits obtained as a result of the marketing, c) updating the optimal price estimate in a direction of price at which greater profits was obtained, and d) repeating the above steps. Rather, while Chen and Chen is directed to determining an optimal price estimate, he does it using mathematical formulas that are not at all related to the steps a) and b) and c) referred to above.

While Figure 4 of Chen and Chen shows that one can obtain the quantity sold during a unit time period after a manufacturer or a sole agent has set a price at  $p_t$  greater than a price  $p_0$  at time  $t$ , there is no disclosure or suggestion as to the obtaining a quantity sold during that same unit time period after the manufacturer or the sole agent has set a price at a price one step lower than the price  $p_0$ .

Still further, claim 1 is directed to a web marketing system whereby a first set of web users can be provided with a price for a product lower than a current price by one step size, and whereby a second set of web users can be provided with a price for the product higher than the current price by one step size, and whereby the results of those marketing to different web users can be determined based on the number of web users that purchase the product. Such a method to be used in a web-based system is not contemplated by Chen and Chen, which does not even consider the marketing of a product to different users with different prices of the product provided to different sets of those users.

Accordingly, presently pending independent claim 1 is not anticipated by Chen and Chen.

**New Claim:**

New claim 14 has been added to recite features directed to the web marketing system that are not disclosed or suggested by Chen and Chen.

**Conclusion:**

Since all of the issues raised in the Office Action have been addressed in this Amendment and Reply, Applicant believes that the present application is now in condition for allowance, and an early indication of allowance is respectfully requested.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by a check or credit card payment form being in the wrong amount, unsigned, post-dated, otherwise improper or informal or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicant hereby petitions for such extension under 37 C.F.R. §1.136 and authorizes payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

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